

NOV-19-01 03:40 PM NEPHI SANDSTONE 435162312343 F.01

1250 North 200 West
PO Box 137
Nephi, Utah 84648
435-623-2332 Voice
435-623-2343 Fax

Nephi Sandstone

M/23/059

Fax

To: D. Wayne Hedberg

From: Bruce Evans

Fax: 801-359-3940

Pages: 6

Phone:

Date: 11/19/01

Re: M/023/059

CC:

Urgent

For Review

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To: Mr. D. Wayne Hedberg:

Here is the letter concerning the Cedar Springs Gypsum Mine that we have discussed. It was not mailed earlier like I had thought. After several phone calls, I finally received a draft copy last week. After providing some additional information this copy arrived by mail today. It was mailed by Mr. Snyder's office on the 15th. Please call with any questions.

Thanks, Bruce

RECEIVED

NOV 20 2001

DIVISION OF
OIL, GAS AND MINING

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HOWARD, LEWIS & PETERSEN, P.C.

ATTORNEYS AND COUNSELORS AT LAW

120 East 300 North Street

Post Office Box 1248

Provo, Utah 84603

Telephone: (801) 373-6345

Facsimile: (801) 377-4991

E-Mail: Last name First initial@hlpatorneys.com

[Example: HowardJ@hlpatorneys.com]

File No.

Jackson Howard
Don R. Petersen
Craig M. Snyder
John L. Valentine
D. David Lambert
Lealie W. Slauch

Phillip E. Lowry
Kenneth Parkinson

Helen H. Anderson
Sean M. Petersen
Douglas W. Finch

OF COUNSEL
S. Rex Lewis

November 15, 2001

Dale M. Dorius, Esq.
29 South Main Street
Brigham City, UT 84302

Cedar Springs Ranch Corporation
c/o Dale M. Dorius
P. O. Box 895
Brigham City, UT 84302

Re: DE Industries (Bruce Evans and Craig Dansie) v. Cedar Springs Ranch

Dear Dale:

On approximately July 25, 2001, we conversed concerning the Gypsum sales contract between Cedar Springs Ranch and DE Industries (Bruce Evans and Craig Dansie). As you may recall, my clients paid you the sum of \$75,000.00 for all rights to a gypsum deposit that was purportedly owned by your company Cedar Springs Ranch.

Paragraph 3 of the Gypsum Sales Contract provides as follows: "Seller represents it has legal title to said property, full authority to sell said gypsum deposit, and that said gypsum deposit shall be sold by bill of sale free and clear of any adverse claims of every nature and description whatsoever." Similar language is contained in paragraph 6 of the Gypsum Sales Contract.

As I indicated to you in July, my clients have been informed by relatives of the Mary L. Pierce estate, including Owen Pierce and the husband of Lucille Pierce Shepherd, that they, in fact, are the owners of the mineral rights, including the gypsum deposit that my clients have been mining. The Pierce and Shepherd families have produced a copy of a Quit Claim Deed from Owen Pierce and Lucille Pierce Shepherd as trustees for Mary L. Pierce which clearly reserves to them at least 80% of all of the mineral rights associated with the property. A copy of that Quit Claim Deed is enclosed for your reference. Earlier communication and correspondence from my clients to you has failed to resolve the matter.

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Dale M. Dorius, Esq.
November 15, 2001
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My clients believe that they have paid for something that you had no right to sell them. They have tried to figure out some way to resolve the situation because the gypsum deposit is important to them and to their business, but they have been unable to do so.

Accordingly, my clients believe that the only resolution to the problem is to have you refund their original purchase price along with paying some of the incidental damages that they have incurred. In that regard, my clients would request the following:

1. That you immediately refund to them the amount of \$75,000.00, together with interest thereon at the legal rate of 10% per annum (see UCA § 15-1-1(2)) from May 7, 1998, which was the date of the contract and the date of their payment to you.
2. My clients have had to purchase rights of way to the property in order to obtain access to the gypsum mine. They paid the sum of \$1,000.00 to Jack G. Madsen of Gunnison, Utah on September 13, 1999, and an additional \$1,000.00 to Kim Madsen of Manti, Utah on February 6, 2000 in order to obtain rights of way and access to the property. Copies of the Letters of Understanding reached with Jack G. Madsen and Kim Madsen are enclosed for your reference.
3. My clients have been required to post a \$30,000.00 reclamation bond with the State of Utah. They hereby request that you obtain the bonds release and then reclaim and indemnify them for all costs of the reclamation, and that you assume any costs associated with the bond. You will also need to assume all of the costs associated with the mine reclamation with the State of Utah, or you can pay DE Industries and/or Nephi Sandstone to do the reclamation. My clients believe that there are approximately seven acres in which reclamation needs to be completed, and that the cost of reclamation will be approximately \$15,000.00 total, even though they have have been required to post a \$30,000.00 bond.
4. My clients request that you reimburse them for the cost of the bond premium, which amount is \$840.00 through the present year.
5. My clients have made certain improvements and have provided a certain amount of fill to the roadway in and out of the mine. They would propose washing those improvements against the value of approximately 3,000 tons of gypsum that they have removed from the mine. In other words, the value of the gypsum they have removed equals approximately the value of the improvements that they have made to the road. They would, however, want you to indemnify and hold them harmless from any and all claims which the Mary L. Pierce estate or the Pierce/Shepherd families may make against them for the value of any gypsum which has been removed by my clients prior to the time that they were notified of the Pierce/Shepherd claim.
6. My clients would agree not to pursue any loss of profits claim against you or Cedar Springs Ranch.

Dale M. Dorius, Esq.
November 15, 2001
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7. My clients request that you reimburse their payments, accrued interest, right of way purchases, bond premium and resolve the reclamation bond issue by no later than December 31, 2001.

Please review this matter at your earliest convenience and get back in touch with me as soon as possible so that this rather unpleasant situation can be resolved without any further difficulties.

Please feel free to call me if you have any questions.

Very truly yours,

HOWARD, LEWIS & PETERSEN

Craig M. Snyder

Craig M. Snyder

CMS/lv
Enclosures
cc: Bruce Evans
Craig Dansie

G:\CMS\DORIUS.LV

NOV-19-81 05:44 PM NEPHI Sandstone 400102012040

Letter of Understanding

This letter of understanding is made between Nephi Sandstone Corporation, of Nephi, Utah and Jack G. Madsen, of Gunnison, Utah. Addresses for both parties to this agreement are listed below.

Nephi Sandstone Corporation
1250 North 200 West
P O Box 137
Nephi UT 84648
(435)623-2332

Jack G. Madsen
P. O. Box 908
Gunnison UT 84634

And attached Nephi Sandstone Corporation check #2778, in the amount of \$1000.00. With this amount paid by Nephi Sandstone and received by Jack G. Madsen, the parties to this agreement mutually agree that Nephi Sandstone Corporation is given the right to construct, maintain and utilize a road across property owned by Jack G. Madsen and Mary Lois Madsen more particularly described as follows:

The North side of the following described parcel - Beginning at a point 12 Chains East of the northwest Corner of the Southwest 1/4 of the Northwest 1/4 of Sec: 15, T 16 S, R 1 W, SLM. Thence South 10.24 Chains, Thence East 8 Chains, Thence Northeasterly to a Point 23.18 Chains East of the Point of Beginning, Thence West of 23.18 Chains to the point of beginning. Containing 16.02 acres. Tax ID No. XD4368-1.

Dated: 9 Sept. 1999

Dated: 9-13-99

Nephi Sandstone Corporation


Bruce H. Evans

By: 
Jack G. Madsen

Enclosed are two copies of the same letter of understanding. Please sign both copies. Retain one copy for your records. Return one copy for the records of Nephi Sandstone in the enclosed envelope.

LETTER OF UNDERSTANDING

This letter of understanding is made between Nephi Sandstone Corporation, of Nephi, Utah and Natasha R. Madsen, of Mantli, Utah, which Kim Madsen of Mantli, Utah is the administrator. Addresses for both parties to this agreement are listed below.

Nephi Sandstone Corporation
1250 North 200 West
P.O. Box 137
Nephi, UT 84648
435-623-2332

Kim Madsen
340 South 400 West
Mantli, UT 84642
435-835-1791

First attached Nephi Sandstone Corporation check #2867, in the amount of \$1000.00. With this amount paid by Nephi Sandstone and received by Kim Madsen, the parties to this agreement mutually agree that Nephi Sandstone Corporation is given the right to construct, maintain, and utilize a road across property owned by Natasha R. Madsen and administered by Kim Madsen. A gate will be constructed and maintained by Nephi Sandstone to limit public access to the Madsen property. When this gate is completed a key will be provided to Kim Madsen for access to the closed property. Property is more particularly described as follows:

Crossing the Northeast corner of Lot 6 and further described in Juab County Recorder Book 382, page 743 as, The south half of lots 4, 5, and 6 of Section 16, Township 16 South, Range 1 west, Salt Lake Base and Meridian.

Dated: 6 January 2000

Dated: 2-6-2000

Nephi Sandstone Corporation

By: [Signature]
Robert H. Evans

By: [Signature]
Kim Madsen

Enclosed are two copies of the same letter of understanding. Please sign both copies. Retain one copy for your records. Return one copy for the records of Nephi Sandstone in the enclosed envelope.